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California Cigarette and Tobacco Products Tax

*Regulations Issued
Pursuant to Part 13,
Division 2*

Revenue and Taxation Code

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INTRODUCTION

This pamphlet is designed for licensees under the California Cigarette and Tobacco Products Tax Law: Part 13, Division 2 of the Revenue and Taxation Code. It contains information in regards to regulations that apply to the Cigarette and Tobacco Products Tax Law.

If you have any questions regarding the information contained in this publication, please call the Excise Tax Division at 1-800-400-7115.

We welcome your suggestions for improving this or any other of the Board's publications. Please send your suggestions to:

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Note: This publication contains the applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, the law is controlling.

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**CALIFORNIA
CIGARETTE TAX REGULATIONS
CALIFORNIA ADMINISTRATIVE CODE**

**Title 18. Public Revenues
Chapter 2. Board of Equalization
Subchapter 9. Cigarette Tax
(Adopted June 24,1959,
as amended through October 25,1972)**

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ARTICLE 4. DISTRIBUTOR'S BOND

Regulation 4018. AMOUNT OF BOND.

Reference: Sections 30142, 30167, Revenue and Taxation Code.

(a) The amount of bond shall be fixed by the board. The board may increase or reduce the amount of bond at any time, but in no event shall the amount of bond be less than \$1,000. Where it appears that a distributor will be engaged in particular types of transactions which do not require the affixing of tax stamps or meter impressions, the amount of bond may be increased by an amount equal to twice the distributor's estimated monthly tax liability with respect to such types of transactions.

(b) When a distributor is authorized to purchase stamps or meter register settings on the deferred payment basis pursuant to the Cigarette Tax Law, his bond shall be fixed in an amount equal to 70 percent of the amount, as fixed by the board, of deferred payment purchases which the distributor may have unpaid at any time.

History: Adopted June 24, 1959.

Amended September 13, 1961.

Amended January 12, 1968.

ARTICLE 5. INVENTORIES

Regulation 4021. OPENING INVENTORY.

Reference: Sections 30182, 30453, 30454, Revenue and Taxation Code.

(a) Every distributor engaged in the sale of cigarettes shall take a physical inventory of cigarettes on hand as of the time he first engages in the sale of cigarettes as a distributor. A report of a first physical inventory taken shall be filed with the board on or before the 25th day of the calendar month following the calendar month in which the distributor first engages in the sale of cigarettes as a distributor.

(b) Every wholesaler engaged in the sale of cigarettes as a wholesaler on November 13, 1968, shall take a physical inventory of cigarettes on hand at the beginning of business on that day. A report of the first physical inventory taken shall be filed with the board on or before the 26th day of December 1968. Every wholesaler who first engages in the sale of cigarettes after November 13, 1968, shall take a physical inventory of cigarettes on hand as of the time he first engages in the sale of cigarettes as a wholesaler. A report of a first physical inventory shall be filed with the board on or before the 25th day of the calendar month following the calendar month in which the wholesaler first engages in the sale of cigarettes as a wholesaler.

History: Adopted June 24, 1959.

Amended October 10, 1968, effective November 13, 1968.

Regulation 4022. INVENTORIES OF CIGARETTES.

Reference: Sections 30182, 30453, 30454, Revenue and Taxation Code.

Every distributor and wholesaler engaged in the sale of cigarettes shall furnish with his monthly report to the board a monthly statement of the cigarettes on hand at the end of the month covered by the report. Physical inventories of cigarettes on hand shall be taken not less often than at three-month intervals and the statements shall be prepared from the physical inventories when physical inventories are taken. The statement of cigarettes on hand shall show the number of cigarettes on hand contained in packages to which tax stamps or meter impressions are affixed and the number not bearing tax stamps or meter impressions.

History: Adopted June 24, 1959.

Amended October 10, 1968, effective November 13, 1968.

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Regulation 4023. INVENTORIES OF STAMPS AND METER UNITS.

Reference: Sections 30182, 30453, 30454, Revenue and Taxation Code.

Every distributor engaged in the sale of cigarettes shall keep daily records of the number of tax stamps and meter units used in his affixing operations and shall record daily the meter register readings of the meters employed. He shall take physical inventories of unused tax stamps on hand as of the end of each month and shall furnish, with his monthly report to the board, a statement of all unaffixed and affixed tax stamps and meter units on hand at the end of the month covered by the report.

History: Adopted June 24, 1959.

Amended September 13, 1961.

ARTICLE 6. RECORDS

Regulation 4026. DISTRIBUTOR'S RECORDS.

Reference: Sections 30453, 30454, Revenue and Taxation Code.

Every distributor engaged in the sale of cigarettes shall keep complete and accurate records of all transactions in cigarettes and such other records, including copies of all reports to the board, as may be required by the board. All records shall be kept and maintained at the licensed premises of the distributor in this State, unless written permission has been granted by the board to keep and maintain the records at some other location. Such records be available at all times for inspection by employees of the board.

History: Adopted June 24, 1959.

Regulation 4027. MANUFACTURER'S RECORDS AND MONTHLY REPORT.

Reference: Sections 30453, 30454, Revenue and Taxation Code.

(a) Every cigarette manufacturer dealing in, transporting, storing or warehousing cigarettes in this state or otherwise engaged in business in this state as a distributor shall keep and maintain at his place of business in this state, or at the warehouses or storage places from which he releases or delivers cigarettes a record of all releases or deliveries of cigarettes from each storage place or warehouse in this state and shall keep and maintain either within the state or at his home office a record of all his shipments of cigarettes from points outside this state to points within this state. Such records shall be made available at any time during normal business hours to the board or its authorized representatives for examination upon request. The records shall show the information necessary to be included in the reports required by paragraph (b) of this section.

(b) Each such cigarette manufacturer shall deliver to the board by the 20th day of each calendar month a report in writing with respect to all releases and deliveries of cigarettes in this state and all shipments of cigarettes from a point outside this state to a point within this state made or authorized by him during the preceding calendar month. The releases, deliveries and shipments for each purchaser shall be grouped together in the report. The report shall be in a form prescribed by the board and shall show the following information with respect to each release, delivery or shipment:

- (1) the date of the release, delivery or shipment;
- (2) the location from which the release, delivery or shipment was made;
- (3) the name and address of the purchaser;
- (4) the address of the place to which the cigarettes were shipped, released or consigned;
- (5) the number of cigarettes released, delivered or shipped;
- (6) the invoice or document number and date thereof representing the release, delivery or shipment;
- (7) if released to a licensed distributor, the license number of such distributor; and
- (8) in the case of a cancellation of any release, delivery or shipment, information indicating the transaction was cancelled.

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The above information need not be supplied with respect to cigarettes which are non-tax-paid under the provisions of chapter 52 of the Internal Revenue Act of 1954, as amended, and are released, delivered or shipped in internal revenue bond or customs control.

(c) In lieu of the monthly reports required by paragraph (b) of this section, a manufacturer may arrange with the board to supply the required information by supplying data processing media or other data in such manner and in such format as is satisfactory to the board.

History: Adopted June 24, 1959.
Amended September 13, 1961.
Amended November 3, 1967.

Regulation 4028. PERIOD FOR WHICH RECORDS TO BE KEPT.

Reference: Sections 30453, 30454, Revenue and Taxation Code.

All records required by law or regulations to be kept by distributors and wholesalers shall be kept and preserved for a period of four years. During the four-year period and at any time prior to actual destruction of records the board may give written notice to a distributor or wholesaler not to destroy records described in the notice. The records described in the notice shall be kept and preserved until the board gives written permission to the distributor or wholesaler for their destruction.

History: Adopted June 24, 1959.
Amended October 10, 1968, effective November 13, 1968.

ARTICLE 7. TAX REPORTS

Regulation 4031. DISTRIBUTOR'S AND WHOLESALE'S REPORT.

Reference: Sections 30182, 30188, Revenue and Taxation Code.

(a) Every distributor required to be licensed shall on or before the 25th day of each calendar month, file a report with the board of all acquisitions and distributions of cigarettes for the preceding calendar month, together with such other information as is required on the report form. The report shall be made on a form prescribed by the board.

(b) Every wholesaler required to be licensed shall on or before the 25th day of each calendar month, file a report with the board of all acquisitions and sales of cigarettes for the preceding calendar month, together with such other information as is required on the report form. The report shall be made on a form prescribed by the board.

History: Adopted June 24, 1959.
Amended January 12, 1968.
Amended October 10, 1968, effective November 13, 1968.

Regulation 4034. REPORT OF SHIPMENTS TO CONSUMERS.

Reference: Sections 30108, 30182, and 30183, Revenue and Taxation Code.

(a) Every person who sells or solicits orders for cigarettes the use or consumption of which is subject to the tax must file reports with the board as follows:

- (1) If the person is engaged in business in this state and is required to be a licensed distributor, he shall report on the distributor's monthly report form prescribed by the board the number of cigarettes with respect to which he was required to collect the tax and such other information as is required on the report form. The report shall be filed on or before the 25th day of the calendar month following the calendar month in which the cigarettes were delivered in this state.
- (2) If the person is engaged in business in this state and is required to be a registered distributor, he shall file a report with the board on or before the 25th day of the calendar month following the calendar month in which the cigarettes were delivered in this state showing:

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- (A) the name and address of each purchaser from whom an order was taken;
- (B) the number of cigarettes sold and delivered pursuant to each order; and
- (C) the amount of tax required to be collected from each purchaser.

(b) Every person engaged in business in this state and making gifts of untaxed cigarettes as samples by means of shipment from an out-of-state point directly to a donee in this state shall at the time of making the gift, or, if the donee is not then obligated to pay the tax, at the time the donee becomes so obligated, collect the tax from the donee if the donee is other than a licensed distributor and shall give the donee a receipt showing the name and place of business of the donor, the name and address of the donee, the number of cigarettes donated, and the amount of tax required to be collected.

Each package of such sample cigarettes shall have imprinted on it: "Not for Sale. Applicable state tax has been paid."

Donors of sample cigarettes shall notify the board in writing in advance of the shipment of the cigarettes into the state giving information as to the approximate date or dates, location or locations, brand, volume of the sample and the method of shipment into the state. Each such donor shall file a report with the board on or before the 25th day of the calendar month following the calendar month in which the cigarettes were delivered in this state showing the number of cigarettes shipped into the state and the amount of tax required to be collected from each donee together with a remittance of such tax.

(c) The taxes required to be collected constitute debts owed by the distributor, or other person required to collect the taxes, to this state.

(d) "Engaged in business in the state" means and includes any of the following:

- (1) Maintaining, occupying, or using, permanently or temporarily, directly or indirectly, or through a subsidiary, or agent, by whatever name called, an office, place of distribution, sales or sample room or place, warehouse or storage place or other place of business.
- (2) Having any representative, agent, salesman, canvasser or solicitor operating in this state under the authority of the distributor or its subsidiary for the purpose of selling, delivering, or the taking of orders for cigarettes.

(e) The requirements of this regulation do not apply to those distributions of federally tax-free cigarettes to certain veteran's institutions which distributions are exempt from tax under section 30105.5 of the Revenue and Taxation Code.

History: Adopted June 24, 1959.

Amended February 12, 1968.

Amended October 10, 1968, effective November 13, 1968.

Amended April 11, 1972, effective May 14, 1972.

ARTICLE 8. OTHER REPORTS

Regulation 4041. COMMON CARRIER DELIVERY REPORTS.

Reference: Section 30186, Revenue and Taxation Code.

Every common carrier making a delivery of cigarettes to a consignee in this State, the shipment of which originated outside this State shall report to the board not later than the 25th day of the calendar month following the calendar month in which the delivery of the cigarettes was made, the following information concerning the shipment:

- (a) the name of the shipper and the point of origin;
- (b) the name of the consignee and the address to which delivered;
- (c) the date and number of the waybill covering the shipment;
- (d) the number of cases, bales or other containers of cigarettes delivered and the quantity of cigarettes contained therein as shown by the shipping documents; and

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(e) in the case of rail shipments, the car initials and number; and

(f) in the case of water shipments, the name of the vessel and the number of the steamship bill of lading.

This report shall be made on a form prescribed by and filed with the board at Sacramento.

History: Adopted June 24, 1959.

Amended October 10, 1968, effective November 13, 1968.

ARTICLE 9. STAMPS

Regulation 4047. TRANSFER OF STAMPS.

Reference: Section 30164, Revenue and Taxation Code.

A distributor shall not sell to, transfer to, or exchange with another distributor or any other person stamps issued by the board. A distributor shall not sell, transfer or distribute packages of cigarettes accompanied by unaffixed stamps.

History: Adopted June 24, 1959.

Regulation 4048. MANNER OF AFFIXING STAMPS.

Reference: Section 30162, Revenue and Taxation Code.

Tax stamps shall be securely affixed to the bottom end of each standard package of 20 cigarettes. When affixed to "flats" or "rounds" the stamps shall be securely affixed to the lid or top of the individual package. Tax stamps shall not be affixed to the carton or larger container of cigarettes.

History: Adopted June 24, 1959.

Regulation 4049. ADHERENCE OF STAMPS.

Reference: Sections 30162, 30163, Revenue and Taxation Code.

Tax stamps shall be affixed in such manner as to adhere securely to each package of cigarettes. If packages of cigarettes are wrapped in or covered by some substance to which the stamps do not readily adhere, such wrapper or covering must be roughened or treated so that the stamps will adhere securely thereto.

History: Adopted June 24, 1959.

ARTICLE 10. METERING MACHINES AND IMPRESSIONS

Regulation 4051. METERING MACHINES.

Reference: Section 30164, Revenue and Taxation Code.

Only those metering machines as are approved by the board shall be employed for affixing meter impressions to packages of cigarettes. A distributor shall not affix meter impressions to packages of cigarettes unless he has first obtained authorization from the board to employ this method of affixation.

History: Adopted June 24, 1959.

Regulation 4052. METERING MACHINE REQUIREMENTS.

Reference: Section 30164, Revenue and Taxation Code.

A distributor desiring to use a metering machine shall apply to the board for authorization. The following terms and conditions are applicable to the use of metering equipment by a distributor:

- (a) impressions will be made only by means of machines approved by the board and meters registered with the board;

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- (b) only clear and legible imprints will be used on packages of cigarettes distributed;
- (c) impressions by a meter registered to the distributor will be made only on packages of cigarettes owned by the distributor;
- (d) only ink approved by the board will be used;
- (e) each meter will be kept in a safe place when not in use, and will be safeguarded when being transported;
- (f) in case of theft, loss or mysterious disappearance of a meter or tampering therewith, the incident will be immediately reported to the board, to proper police authorities, and to the meter manufacturer;
- (g) no meter will be transferred or otherwise disposed of without prior written permission of the board;
- (h) no repairs will be made to a meter except by a duly authorized representative of the meter manufacturer and upon prior approval of the board; and
- (i) any meter having a broken seal will be immediately reported to the board and to the manufacturer and will not be used by the distributor.

History: Adopted June 24, 1959.
Amended January 12, 1968.

Regulation 4053. REVOCATION OF PERMISSION.

Reference: Section 30148, Revenue and Taxation Code.

If a distributor issues illegible meter impressions or violates any regulation of the board relative to the use of metering machines, the board may revoke its authorization to the distributor to affix meter impressions to packages of cigarettes.

History: Adopted June 24, 1959.

Regulation 4054. MANNER OF AFFIXING METER IMPRESSIONS.

Reference: Section 30162, Revenue and Taxation Code.

Tax meter impressions shall be clearly imprinted to the bottom end of each standard package of 20 cigarettes. Meter impressions shall not be imprinted on any package, carton, or container of cigarettes containing other than 20 cigarettes. All dies and other equipment must be regularly serviced and cleaned according to the instructions issued by the manufacturers of the equipment.

History: Adopted June 24, 1959.
Former Regulation 4054 repealed September 13, 1961, and former Regulation 4055 renumbered as 4054.

ARTICLE 10.5. PURCHASE OF TAX INDICIA

Regulation 4055. WHERE PURCHASED; DISTRIBUTORS' DISCOUNT.

Reference: Sections 30166, 30167, Revenue and Taxation Code.

Cigarette tax stamps and meter register settings allowing the imprinting of meter impressions may be purchased by licensed distributors at designated branch offices of banks located throughout the State. A list of the bank branch offices designated to sell stamps and set meter registers is available at offices of the board. The tax stamps and meter register settings may be purchased for cash, and when authority has been granted in writing to a distributor, the indicia may be purchased on a deferred payment basis. In either case, a discount as provided by law will be allowed to a licensed distributor.

History: Adopted September 13, 1961.
Amended January 12, 1968.

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Regulation 4056. UNITS OF SALE; MINIMUM SALES.

Reference: Section 30161, Revenue and Taxation Code.

Heat-applied decal tax stamps of the denominated value of 10¢ each are sold in rolls containing 30,000 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll. Water-applied decal tax stamps of the denominated value of 10¢ each are sold in sheets containing 100 stamps. The sheets are contained in pads of 10 sheets. The smallest sale unit for this type of stamp is one pad of 10 sheets totaling 1000 stamps. Water-applied decal tax stamps of the denominated value of 5¢ each are sold in sheets containing 100 stamps. The smallest sale unit for this type of stamp is one sheet of 100 stamps. The Board, at its discretion, may authorize the use of stamps of other denominated values and specifications. Meter register settings are sold in multiples of 100 digits on a meter register. (One digit allows the imprinting of ten meter impressions of the denominated value of 10¢ per individual impression.) The minimum quantity of meter register digits sold in one transaction is 1000 digits set on a meter register.

History: Adopted September 13, 1961.

Amended January 12, 1968.

Amended June 22, 1983, effective October 6, 1983. Added sentence authorizing use of stamps of "other denominated values and specifications."

Regulation 4057. CASH SALES OF TAX INDICIA.

Reference: Section 30161, Revenue and Taxation Code.

Every distributor desiring to purchase tax stamps or meter register settings for cash shall file a "Cigarette Tax Signature Card" on a form approved by the board, with the designated bank branch office where he will make his cash purchases of the tax indicia. Orders for stamps or meter register digits to be set shall be made by the distributor to such bank branch office on order forms approved by the board. Payment must be made for cash purchases at the time the stamps are received or the meter is set and sealed. The State requires the bank to make an immediate deposit into the State Treasury for cash purchases and the bank is not permitted to extend credit therefor on behalf of the State. The bank may require cash, or certified or cashier's checks in payment of such purchases.

History: Adopted September 13, 1961.

Regulation 4058. APPLICATION FOR CREDIT PURCHASES.

Reference: Sections 30142, 30167, Revenue and Taxation Code.

Every distributor desiring to purchase tax stamps or meter register settings on the deferred payment basis shall request the board to set the maximum amount of such purchases the distributor may have unpaid at any time and the amount of the required bond.

The board shall set the amounts and send the distributor form BT-353 showing the maximum amount of deferred payment purchases that the distributor may have unpaid at any time and the amount of the required bond. The maximum amount of indicia purchases for which the distributor may defer payment shall be set by the board at not to exceed one and one-half times the distributor's average monthly tax liability, based on the distributor's previous six months' experience, or in the case of a distributor not previously authorized to make deferred payment purchases or a distributor the character of whose business has changed substantially, the maximum amount shall be set at one and one-half times the estimated average monthly tax liability as determined by the board.

The distributor shall indicate on the form the location of the designated bank branch office where the purchases will be made, sign the form and send it to the board in Sacramento. If the distributor wishes to make credit purchases at more than one location, the distributor shall file a form BT-353 for each location, but may file one bond covering all locations. A surety bond or deposit in lieu of security shall accompany the application and shall be in an amount equal to 70 percent of the total deferred payment purchases the distributor may have unpaid at any time.

History: Adopted September 13, 1961.

Amended January 12, 1968.

Amended October 25, 1972, effective November 30, 1972.

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Regulation 4059. AUTHORIZATION FOR CREDIT PURCHASES.

Reference: Sections 30167, 30169, Revenue and Taxation Code.

(a) Upon receipt of the completed application and the required security, the board shall give written authorization for the amount of deferred payment purchases the distributor may have unpaid at any time to the distributor and the bank branch where such purchases are to be made.

(b) Before making deferred payment purchases of tax indicia, the distributor shall file a "Cigarette Tax Signature Card" on a form approved by the board with each designated bank branch office where he will make his credit purchases. The distributor shall authorize in writing on the card those persons who may order purchases of stamps or meter register settings for his account at each designated bank branch office. The distributor's authorization of such persons shall continue in effect until written notice of revocation of the authority is delivered to the bank branch office by registered or certified mail or until written acknowledgment of receipt of the revocation is given by the bank branch office to the distributor.

(c) Orders for stamps or meter register digits to be set shall be made by the distributor to the bank branch offices on order forms approved by the board.

History: Adopted September 13, 1961.

Amended January 12, 1968.

Regulation 4060. PAYMENT FOR CREDIT PURCHASES.

Reference: Section 30161, Revenue and Taxation Code.

Payment for all deferred payment purchases of tax indicia made during each calendar month must be made at the bank branch office where the purchases were made, and must be made by the 25th day of the calendar month following the month in which the purchases were made. Remittance for such purchases shall be made payable to "State Board of Equalization." The privilege of making deferred payment purchases shall be suspended as long as a delinquent balance is owing therefor.

History: Adopted September 13, 1961.

Amended January 12, 1968.

Amended October 10, 1968, effective November 13, 1968.

ARTICLE 11. REFUNDS FOR STAMPS AND METER IMPRESSIONS

Regulation 4061. UNUSED STAMPS AND UNUSED METER SETTINGS.

Reference: Section 30176, Revenue and Taxation Code.

The board will refund or credit to a distributor the denominated value, less the purchase discount, of any identifiable unused stamps which are returned to the board.

The board will refund or credit to a distributor the denominated value, less the purchase discount, of any verifiable meter setting remaining on a meter when the meter is returned to the bank for cancellation of the meter setting.

History: Adopted June 24, 1959.

Amended August 3, 1960.

Amended September 13, 1961.

Amended January 12, 1968.

Regulation 4062. DESTROYED STAMPS AND METERS.

Reference: Section 30177, Revenue and Taxation Code.

The board will refund or credit to a distributor the denominated value, less the purchase discount, of any stamps, or meter register setting remaining on a meter, when the stamps or the meter have been destroyed by fire, flood or other casualty prior to the affixation of the tax indicia to packages of cigarettes. The distributor must establish

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by clear and convincing evidence that the stamps or meter were destroyed by fire, flood or other casualty and the denominated value of the stamps or remaining meter register balance. Theft or mysterious disappearance of unaffixed stamps or of a meter shall not constitute a casualty for which refund or credit will be given.

History: Adopted January 12, 1968.

Former Regulation 4062 amended and renumbered 4065 January 12, 1968.

Regulation 4063. DESTROYED CIGARETTES.

Reference: Section 30177, Revenue and Taxation Code.

The board will refund or credit to a distributor the denominated value, less the purchase discount, of stamps or meter impressions affixed to packages of cigarettes which have been destroyed by fire, flood or other casualty, prior to distribution. The distributor must establish by clear and convincing evidence that the cigarettes were destroyed by fire, flood or other casualty prior to distribution and the denominated value of the affixed indicia. The theft or mysterious disappearance of packages of cigarettes shall not constitute a casualty for which refund or credit will be given.

History: Adopted June 24, 1959.

Amended August 3, 1960.

Amended September 13, 1961.

Amended January 12, 1968.

Regulation 4064. CLAIM FORMS.

Reference: Section 30110, Revenue and Taxation Code.

A claim for refund or credit made pursuant to Sections 4061, 4062 or 4063 must be made on a form prescribed by and filed with the board.

History: Adopted January 12, 1968.

Former Regulation 4064 renumbered 4067 January 12, 1968.

Regulation 4065. UNUSABLE CIGARETTES.

Reference: Section 30177, Revenue and Taxation Code.

The board will refund or credit to a distributor the denominated value, less the purchase discount, of identifiable stamps or meter impressions affixed to packages of cigarettes have been resumed for credit or have been replaced and proof is submitted to the board showing that the cigarettes have not been used for smoking in California. Claim for refund or credit must be made on a form prescribed by the board and shall be accompanied by a properly executed receipt and a copy of the credit memorandum of the manufacturer for returned stock, or by proof of destruction of the cigarettes with the tax indicia thereon in the presence of an employee of the board authorized to witness the destruction.

History: Adopted June 24, 1959.

Formerly Regulation 4062 amended and renumbered 4065 January 12, 1968.

Regulation 4066. STOLEN INDICIA.

Reference: Sections 30176, 30177, Revenue and Taxation Code.

Refund or credit will not be given for stamps, meter settings or meter impressions which are lost through theft or mysterious disappearance of any unaffixed stamps, any meter, or any packages of cigarettes to which stamps or meter impressions have been affixed. If identifiable stamps, meter settings or meter impressions which have been lost through theft or mysterious disappearance are later recovered, credit or refund may be given under Sections 4061 or 4065.

History: Adopted January 12, 1968.

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Regulation 4067. PROVISIONS LIMITED TO DISTRIBUTORS.

Reference: Sections 30176, 30177, Revenue and Taxation Code.

The refund and credit provisions of Sections 30176 and 30177 of the Cigarette Tax Law apply only to distributors. Refunds and credits for unused stamps, and meter impressions and for stamps or meter impressions affixed to packages of cigarettes which have become unfit for use, unsalable or destroyed may not be made by the board to dealers or others.

History: Adopted June 24, 1959.

Formerly Regulation 4064 renumbered 4067 January 12, 1988.

ARTICLE 13. PARTICULAR TRANSACTIONS

Regulation 4079. IN BOND FEDERAL TAX-FREE CIGARETTES.

Reference: Article 1, Section 8, Clause 3, United States Constitution.

The tax does not apply to sales of cigarettes where all three of the following conditions exist:

- (a) The cigarettes sold are exempt from the Federal tax on cigarettes under the provisions of Chapter 52 of the Internal Revenue Act of 1954; and
- (b) The cigarettes are under the Federal bond required to secure their exemption from the Federal tax and are to leave the State under Federal Custom's control; and
- (c) The cigarettes are sold for shipment to foreign countries or for use as ship's supplies which are to be consumed or resold on the high seas or in foreign countries.

History: Adopted June 24, 1959.

Amended August 3, 1960.

Regulation 4080. INTERSTATE AND FOREIGN COMMERCE.

Reference: Section 30108, Revenue and Taxation Code.

The tax does not apply to sales of cigarettes which are:

- (a) Shipped to a point outside this State, pursuant to a contract of sale, by delivery by the seller to such point by means of:
 - (1) facilities operated by the seller;
 - (2) delivery by the seller to a carrier for shipment to a consignee at such point, or
 - (3) delivery by the seller to a customs broker or forwarding agent for shipment outside this State.
- (b) Sold to a foreign purchaser for shipment abroad and delivered to a ship, airplane, or other conveyance furnished by the purchaser for the purpose of carrying the cigarettes abroad and actually carried to a foreign destination.
- (c) Sold for use solely outside this State and delivered to a forwarding agent, export packer, or other person engaged in the business of preparing goods for export or arranging for their exportation, and actually delivered to a port outside the continental limits of the United States.

Bills of lading or other documentary evidence of the delivery of the cigarettes to a carrier, customs broker or forwarding agent for shipments outside the State must be retained by the distributor for inspection by employees of the board. In the case of cigarettes for foreign export, copies of United States Customs shippers' export declarations filed with the Collector of Customs or other documentary evidence of export must be obtained and retained. The tax applies to the transaction if the cigarettes are diverted in transit or for any reason are not actually delivered outside the State pursuant to the contract of sale or are not shipped abroad by a foreign purchaser, regardless of documentary evidence held by the distributor.

History: Adopted June 24, 1959.

CIGARETTE TAX REGULATIONS

Regulation 4081. SAMPLE CIGARETTES.

Reference: Sections 30005, 30008, 30009, Revenue and Taxation Code.

The giving away in this state of untaxed cigarettes as samples is a taxable distribution.

Manufacturers' agents or representatives may for advertising purposes distribute to consumers packages of cigarettes without stamps or meter impressions affixed to the packages. However, the manufacturer giving away such sample cigarettes must report the distribution on its monthly report and pay the tax due. Each package of such samples shall have imprinted on it: "Not for Sale. Applicable state tax has been paid."

Manufacturers shall notify the board in writing in advance of the sampling, giving information as to the approximate date or dates, location or locations, brand, volume and method of distribution.

History: Adopted September 13, 1961.

Amended January 12, 1968.

Amended April 11, 1972, effective May 14, 1972.

Regulation 4082. CIGARETTES FOR HOSPITALIZED VETERANS.

Reference: Sections 30102.5, 30105.5, Revenue and Taxation Code.

Cigarettes upon which the United States government imposes no tax may be purchased by private persons directly from the manufacturer without the California cigarette tax being imposed, if as a part of the transaction the cigarettes are given to the Veterans Home of California at Yountville, California, or to a hospital or domiciliary facility of the United States Veterans Administration for gratuitous issue to the veterans receiving hospitalization or domiciliary care, and arrangements are made with the manufacturer that delivery of the cigarettes is made directly from the manufacturer to the institution under Internal Revenue control.

History: Adopted September 13, 1961, effective September 15, 1961.

ARTICLE 15. VENDING MACHINES

Regulation 4089. STATEMENT OF OPERATOR.

Reference: Sections 30008, 30147, Revenue and Taxation Code.

A statement in substantially the following form must be affixed by the operator thereof upon each cigarette vending machine in a conspicuous place:

"This vending machine is operated by

Name of Operator

Place of Business of Operator

who holds Permit No. _____, issued
pursuant to the Sales and Use Tax Law"

History: Adopted June 24, 1959.

ARTICLE 16. PAYMENT BY CONSUMER OR USER

Regulation 4091. PAYMENT BY CONSUMER.

Reference: Sections 30106, 30107, 30108, Revenue and Taxation Code.

Each consumer or user of cigarettes subject to the tax, resulting from his having purchased cigarettes in any quantity which cigarettes are shipped to him from out of state, his having himself transported or brought into the state untaxed cigarettes in quantities of more than 400 cigarettes in a single lot for his own use or consumption, or having obtained more than 400 untaxed cigarettes at one time from a federal instrumentality listed in section 30102 of the Cigarette Tax Law, must pay the tax:

- (a) to the licensed or registered distributor under the Cigarette Tax Law from whom the cigarettes were purchased, or
- (b) directly to the board if the person from whom the cigarettes were purchased is not a licensed or registered distributor. Consumers or users will be liable for payment of the tax to the board unless receipts as provided by regulation 4092 are obtained for payment of the tax to the distributor.

History: Adopted June 24, 1959.

Amended September 13, 1961.

Amended October 10, 1968, effective November 13, 1968.

Amended November 5, 1970, effective December 10, 1970.

Regulation 4092. RECEIPTS FOR TAX PAID TO DISTRIBUTORS.

Reference: Section 30108, Revenue and Taxation Code.

Every distributor required to collect the tax under Section 30108 of the Cigarette Tax Law must give a receipt to each purchaser for the amount of tax collected. The receipt need not be in any particular form but must show the following:

- (a) the name and place of business of the distributor making the sale or accepting the order for cigarettes;
- (b) the license number or registration number of the distributor;
- (c) the name and address of the purchaser;
- (d) the number of cigarettes purchased;
- (e) the date the cigarettes were purchased; and
- (f) the amount of tax collected by the distributor.

A sales invoice containing the data required above, together with evidence of payment thereof, will constitute a receipt.

History: Adopted June 24, 1959.

ARTICLE 18. MISCELLANEOUS

Regulation 4099. AFFIXING OF STAMPS OR METER IMPRESSIONS OUT-OF-STATE.

Reference: Sections 30011, 30140.1, 30162, Revenue and Taxation Code.

Any person who maintains a place of business in the United States and distributes cigarettes in this State may obtain a Distributor's License and, when authorized in writing, may affix stamps or meter impressions to packages of cigarettes at such place of business before the cigarettes are brought into this State.

History: Adopted June 24, 1959.

BOARD FIELD OFFICES

CITY	AREA CODE	NUMBER	CITY	AREA CODE	NUMBER	CITY	AREA CODE	NUMBER
Bakersfield	661	395-2880	Redding	530	224-4729	Suisun City	707	428-2041
City of Industry	562	908-5280	Riverside	909	680-6400	Torrance	310	516-4300
Culver City	310	342-1000	Sacramento	916	227-6700	Van Nuys	818	904-2300
El Centro	760	352-3431	Salinas	831	443-3003	Ventura	805	677-2700
Eureka	707	445-6500	San Diego	619	525-4526			
Fresno	559	248-4219	San Francisco	415	703-5400			
			San Jose	408	277-1231	Offices for Out-of-State Accounts		
Laguna Hills	949	461-5711	San Marcos	760	744-1330	Chicago, IL	312	201-5300
Norwalk	562	466-1694	Santa Ana	714	558-4059	Houston, TX	281	531-3450
Oakland	510	622-4100	Santa Rosa	707	576-2100	New York, NY	212	697-4680
Rancho Mirage	760	346-8096	Stockton	209	948-7720	Sacramento, CA	916	227-6600

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Call or visit a Board office. If you plan to visit, please call ahead to make sure they have a copy in stock.

Call our toll-free number: 1-800-400-7115. Call at any time and leave a recorded request for a specific form, publication, or regulation, or call during working hours to talk to a representative.

For TDD assistance (telephone device for the deaf), please call:

From TDD phones: 1-800-735-2929

From voice phones: 1-800-735-2922

Use our fax-back service. Available 24 hours a day through the toll-free number. A recorded message will describe which types of documents are available and explain how you can have them sent to you by fax.

Use the Internet. Use your computer to download a publications order form or certain publications.

Enter: <http://www.boe.ca.gov>

WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if the Board determines that you reasonably relied on written advice from the Board regarding the transaction. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstance of the transaction.

You may also request written advice regarding a particular activity or transaction. Your request should be in writing and fully describe the facts and circumstances of the activity in question. Please mail your request to the following address: State Board of Equalization, Excise Taxes Division, P.O. Box 942879, Sacramento, CA 94279-0056.

YOUR TAXPAYERS' RIGHTS ADVOCATE

If you have been unable to resolve a disagreement with the Board, or if you would like to know more about your rights under the law, contact the Taxpayers' Rights Advocate for help:

Taxpayers' Rights Advocate, MIC:70
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0070

1-888-324-2798 toll-free phone
916-324-2798 phone
916-323-3319 fax

TAX EVASION HOTLINE

Tax evasion hurts businesses that are paying their fair share. If you wish to report a case of suspected tax evasion, call our toll-free hotline at 888-334-3300, Monday through Friday, 8:00 a.m. – 5:00 p.m. (Pacific time), except State holidays.

California State Board of Equalization
450 N Street • Sacramento, California
(Mailing Address: P.O. Box 942879 • Sacramento, CA 94279-0001)